

Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-08 AID-05 /024 W

-----126111 031108Z /17

P 030904Z NOV 77

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 5300

AMEMBASSY KABUL PRIORITY

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E.O. 11652: N/A

TAGS: BENC AF IR

SUBJ: MAJOR PROJECT: KANDAHAR CEMENT PLANT

REF STATE 258463

1. EMBASSY HAS CONTACTED GREEF OF FULLER COMPANY WHO HAS JUST RETURNED FROM KABUL WHERE HE MET WITH MINISTER OF MINES AND INDUSTRIES. LATTER INDICATED CONTINUED INTEREST IN FULLER PROPOSAL AND GAVE NO INDICATION OF LOOKING TO OTHER SOURCES. MEETING IN KABUL WITH GOI OFFICIALS HAS NOT YET OCCURRED, REPORTEDLY DUE OTHER COMMITMENTS MINISTER ANSARY; HOWEVER, AFGHANS APPARENTLY DO NOT FEEL IT SEEMLY TO PRESS FOR IRANIAN FINANCING. THEY SEEM TO REGARD THIS AS INTERNAL GOI MATTER.

2. GREEF REPORTED THAT HE WAS IN REGULAR CONTACT WITH KHORZAD OF IDRO WHO REMAINS HIGH ON PROJECT BUT INSISTS THAT PROJECT AWAITS FINANCING FROM MINISTRY OF ECONOMIC AFFAIRS AND FINANCE (MEAF). AT EMBOFF REQUEST, GREEF AGAIN CONTACTED KHORZAD TO ATTEMPT TO ASCERTAIN WHO IN MEAF WAS THE KEY PERSON INVOLVED. ACCORDING TO GREEF, KHORZAD REITERATED DELAY WAS WITHIN MEAF BUT WAS NONCOMMITTAL AS TO THE OFFICE OR INDIVIDUAL. GREEF WILL KEEP TRYING.

3. IN THE MEANTIME, EMBOFF HAD QUERIED DIRECTOR GENERAL FOR
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FOREIGN LOANS AND ASSISTANCE OF MEAF, KHALIGHI-ROD, REGARDING PROJECT. LATTER STATED THAT TO HIS KNOWLEDGE ALL WAS PROCEEDING WELL WITH IDRO, FULLER, AND RGA AND THAT HE KNEW OF NO BASIC IMPEDIMENT SINCE AFGHANS HAD AGREED TO PROCURE SOME OF THE EQUIPMENT FOR THE PROJECT FROM IRAN. KHALIGHI-ROD ASSERTED HE WOULD NOT ORDINARLY BECOME INVOLVED UNTIL THE AGREEMENT WAS FULLY PUT TOGETHER WITH

THE EXCEPTION OF THE FINANCING, WHICH IMPLIES ALL DETAILS OF AGREEMENT ASIDE FROM FINANCING STILL TO BE SETTLED.

4. IN SEPARATE CONVERSATION, UNDERSECRETARY ASHRAFI IN MEAF (KHALIGHI-ROD'S SUPERIOR) INFORMED EMBOFF THAT GOI HAS "AGREED IN PRINCIPLE" TO SUPPLY FINANCING FOR THE PROJECT AS PART OF IRAN'S ECONOMIC ASSISTANCE TO AFGHANISTAN. HE CONFIRMED KHALIGHI-ROD'S STATEMENT THAT DETAILS STILL REMAIN TO BE WORKED OUT, CONTRARY TO WHAT GREEF WAS TOLD BY IDRO, HOWEVER, ASHRAFI SAID FINAL AGREEMENT BETWEEN FULLER AND IDRO AS TO WHICH PARTY DOES WHAT IN KANDAHAR PROJECT STILL NOT COMPLETELY WORKED OUT. IDRO STILL STUDYING MATTER, HE SAID. EQUALLY IMPORTANT CONSIDERATION, HE SAID, BEFORE MEAF COULD PROCEED WITH FINANCING WAS A CLEAR UNDERSTANDING BY THE PARTIES--AFGHAN GOVERNMENT, IDRO, FULLER AND GOI--AS TO WHAT QUANTITIES OF IRANIAN GOODS AND SERVICES WOULD BE PURCHASED FOR KANDAHAR PROJECT. EMBASSY HAS LONG HAD CLEAR IMPRESSION THAT RESOLUTION OF "IRANIAN CONTENT" OF KANDAHAR IS CRITICAL QUESTION WITH MEAF AND NO DECISIVE FORWARD MOTION ON PROJECT IS LIKELY UNTIL THERE IS WRITTEN AGREEMENT ON THIS POINT.

5. IN RELATED DEVELOPMENT, SIGNIFICANCE OF WHICH NOT ENTIRELY CLEAR, GREEF REPORTED THAT MANAGING DIRECTOR OF IDRO SUBSIDIARY, MACHINE SAZI ARAK, HAS BEGUN PRESSING FULLER FOR SALES AND MANUFACTURING LICENSE FOR FULLER EQUIPMENT. HERETOFORE, THIS SUBJECT HAD BEEN PLAYED IN LOW KEY BY IDRO AND WAS ON BACK-LIMITED OFFICIAL USE

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BURNER UNTIL AT LEAST KANDAHAR CONTRACT SIGNED AND SEALED.

6. RE PARA 3 OF REFTTEL, GREEF FEELS APPROACH TO IRANIAN EMBASSY IN WASHINGTON "COULD NOT HURT". EMBASSY TENDS TO AGREE AND SUGGESTS APPOINTMENT BE MADE BY DEPARTMENT FOR FULLER REPS AND/OR LETTER FROM COMPANY ADDRESSED TO AMBASSADOR ZAHEDI LAYING OUT FACTS AND NEED FOR EXPEDITIOUS DECISION.

7. EMBASSY HAS DISTINCT IMPRESSION THAT IRANIANS ARE FLAPPING ABOUT ON KANDAHAR WITH CONSIDERABLE BUCK-PASSING BETWEEN IDRO AND MEAF. THIS IS NOT SURPRISING GIVEN DIS-ORGANIZED STATE OF IRANIAN BUREAUCRACY. KANDAHAR PROJECT COULD WELL REMAIN AT A STANDSTILL FOR MONTHS UNLESS OVER-WORKED GOI OFFICIALS SEIZED WITH THE PROJECT, NOTABLY KHORZAD AN ASHRAFI, ARE SPURRED BY HIGHER AUTHORITY, E.G. MINISTER HUSHANG ANSARY, TO GET ON WITH THE JOB. WE ARE NOT ADVERSE TO ASKING ANSARY TO CUT THROUGH THE RED TAPE ON THIS ONE BUT SUGGEST THAT SOMETHING MIGHT BE DONE ON KABUL SIDE FIRST. FOR EXAMPLE, MIGHT EMBASSY KABUL SUGGEST TO RGA THAT IRANIAN AMBASSADOR IN KABUL BE CALLED IN AND POLITELY TOLD THAT KANDAHAR PROJECT SEEMS TO BE STALLED IN TEHRAN.

ANY SUBSEQUENT GOI RESPONSE TO SUCH PRODDING WOULD PROBABLY
BE ENHANCED BY UNEQUIVOCAL STATEMENT BY AFGHANS THAT LATTER
FULLY PREPARED TO ACCEPT IRANIAN GOODS AND SERVICES FOR KANDAHAR
TO MAXIMUM EXTENT FEASIBLE CONSISTENT WITH EVENTUAL IDRO/
FULLER UNDERTAKING.

8. PLEASE ADVISE IF FURHTER ACTION DESIRED ON THIS END.
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Message Attributes

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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
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